

The government fails to fund nonprofit human services in poor, African American neighborhoods

*Much of the social safety net in the United States relies on partnerships between the service-providing non-profit organizations and the government, which funds those organizations serving high poverty areas. **Eve Garrow** examines how effective these partnerships are in serving impoverished neighborhoods, and finds that greater levels of neighborhood poverty improve the chances that nonprofit human services located in them will receive government funding—unless those neighborhoods are substantially African American. Based on these findings, she argues that the privatized welfare state may underserve neighborhoods where the need is greatest.*



In the privatized welfare state, people largely receive human services from publicly funded nonprofit organizations. To understand poor citizens' access to public benefits, then, we need to know whether government directs funding to where the social needs are greatest. While conventional wisdom holds that the partnership between government and the nonprofit sector does direct government benefits to poor areas, I find an opposite effect in poor neighborhoods that are substantially African American.

The prevailing model of government-nonprofit relations argues that nonprofit human services that wish to serve high-poverty areas may look toward government for support because fees for service or donations are less available. Government, it is assumed, fulfills its mandate to serve poor individuals by funding these organizations. The “win-win” partnership between government and nonprofits is expected to distribute public benefits to the citizens that need them most, a view supported by research that shows heavy dependence on government funding among nonprofit human service organizations that serve poor populations and locate in poor neighborhoods.

Yet, this research does not take into consideration the influence of race on the distribution of government benefits. High poverty neighborhoods vary in their racial composition, and these differences matter. Indeed, the persistence of racial segregation in the U.S., along with high rates of poverty among racial and ethnic minorities, means that racial and ethnic out-groups experience more neighborhood poverty than other groups. Because of discrimination and isolation, poor minority neighborhoods are especially bereft of resources. If government allocations were responsive to neighborhood need, we would assume that nonprofit human service organizations in poor minority neighborhoods would be targeted as a funding priority. This is not the case.



Credit: Tobyotter (Creative Commons BY 2.0)

Using data from a probability sample of nonprofit human service organizations in Los Angeles County that were surveyed in 2002, I examined the chances that organizations received government funding. My findings call into question the assumption that the government-nonprofit partnership reaches all poor areas. I found that greater levels of neighborhood poverty improve the chances that nonprofit human services located in them will receive

government funding—unless those neighborhoods are substantially African American.

The analysis examined whether government’s responsiveness to neighborhood poverty varied by the percentage of African Americans in the neighborhood, as shown in Figure 1. I compared neighborhoods with small shares of African Americans to neighborhoods in which the share of African Americans exceeded 20 percent of all residents—the “tipping point” at which Whites tend to view the neighborhood as being “too African American” and avoid it. As Figure 1 shows, as long as the presence of African Americans in the neighborhood is low, government seems to respond to higher poverty levels by funding local nonprofit organizations. In neighborhoods that are less than or equal to 20 percent African American, the likelihood that the organization will receive government support increases along with rising poverty, consistent with the partnership model of government-nonprofit relations. In neighborhoods that exceed 20 percent African American, however, the partnership model falls apart. As poverty increases, the likelihood that nonprofit organizations received government funding decreases. In poor African American neighborhoods, the story is one of government disinvestment, rather than investment.

Figure 1: Interaction between Percent Living in Poverty and Percent African American Residents in Location

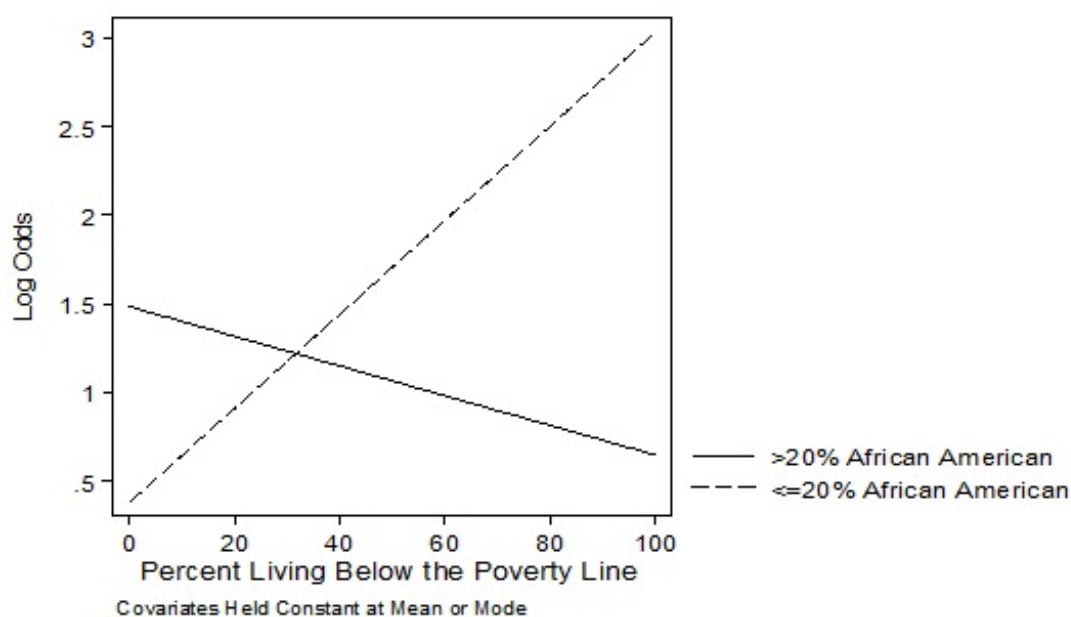
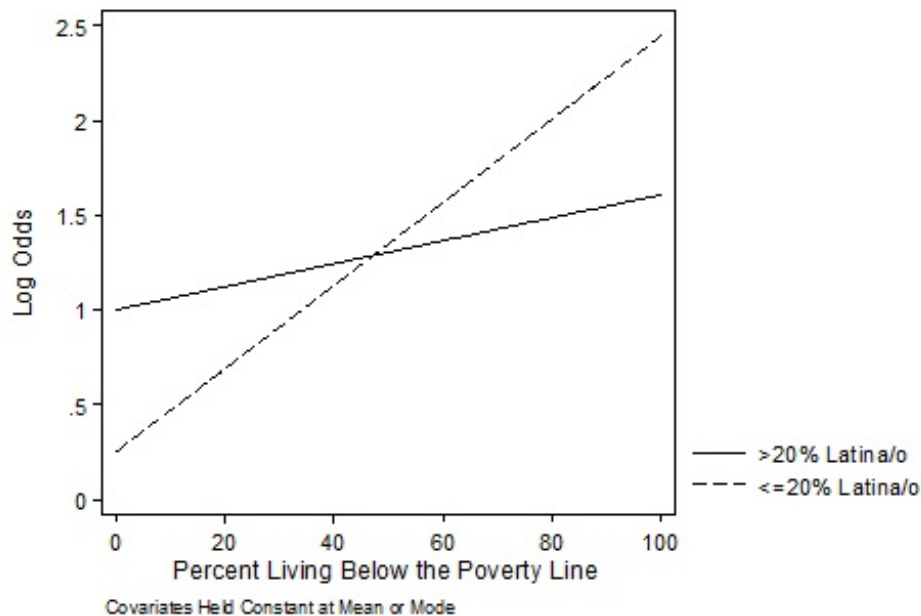


Figure 2 depicts the relationship between the poverty rate and receipt of government funding for organizations in census tracts with different percentages of Latina/os, another minority group in Los Angeles County that experiences high levels of poverty. Here, higher neighborhood poverty rates seem to encourage government to fund local nonprofit human services regardless of the percentage of Latina/os in the neighborhood.

Figure 2: Interaction between Percent Living in Poverty and Percent Latina/o Residents in Location



What accounts for the racial and ethnic patterns revealed in this analysis? First, government's lack of responsiveness to poverty in African American neighborhoods points to a pattern of racial discrimination in the allocation of government funds. Indeed, the breakdown of the government-nonprofit partnership in poor African American neighborhoods maps onto a larger pattern of systematic government disinvestment in programs for vulnerable minority populations. It could be that policymakers and public officials are reluctant to appear "too generous" to neighborhoods that are negatively constructed and widely viewed as undeserving of government largesse. It could also be that ostensibly color-blind allocation mechanisms, such as grant and contract programs that rely on competition, handicap historically oppressed neighborhoods that lack competitive advantages.

But why, then, is government relatively responsive to poor neighborhoods with a strong Latina/o presence? After all, Latina/os, like African Americans, suffer from discrimination as out-groups in the American stratification system. I argue that the difference may lie in the relative electoral power of Blacks and Latina/os in Los Angeles County. Political representation should influence allocation decisions, because groups with political power cannot be ignored even if they are negatively constructed. In Los Angeles County, African Americans are numerically weak and getting weaker, and therefore have diminishing electoral clout. Their share of the total population has fallen from 10.55% in 1990 to 9.8% in 2000 to 8.3% in 2010. Meanwhile, the number of Latina/os has steadily increased in recent decades, from about 39% of the population in 1990 to 44.6% in 2000 to 48% in 2010. The combination of out-group status and low political power may put poor African American neighborhoods at an extreme disadvantage when it comes to attracting vital government resources. Latina/os, who enjoy greater electoral clout, should be better able to mobilize needed government resources to their neighborhoods despite their out-group status.

If racial politics influence the allocation of government funding to nonprofit human service organizations, the privatized welfare state may underserve neighborhoods where the need is greatest. Government allocations across communities may be less an expression of community need and more a reflection of racially driven political struggle.

*This article is based on the paper [Does Race Matter in Government Funding of Nonprofit Human Service Organizations? The Interaction of Neighborhood Poverty and Race](#) which appeared in the *Journal of Public Administration Research and Theory*.*

Please read our comments policy before commenting.

Note: This article gives the views of the author, and not the position of USApp—American Politics and Policy, nor of the London School of Economics.

Shortened URL for this post: <http://bit.ly/QRq7sv>

About the author

Eve Garrow- *University of Michigan*

Eve Garrow is Assistant Professor of Social Work at the University of Michigan. Her research focuses on the implications of privatization of human services for poor and marginalized groups, especially racial minorities, and the commercialization of human services. She has published and presented works on government funding of human services, the role of nonprofit advocacy in promoting social rights, and the risk of client exploitation in nonprofit social enterprises that use clients as labor.



- CC BY-NC-ND 3.0 2014 LSE USAPP